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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

II. ASIA-AFRICA

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UAR: There are insistent reports and rumors in Cairo of serious differences between Nasir and key figures in his regime. Abd-al-Latif Baghdadi, Egyptian vice president for economic affairs, who has been accused of profiteering, has submitted his resignation, which Nasir has not yet accepted.

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A serious split within the regime is unlikely, but signs of friction and corruption may diminish its prestige and add to public discontent. [REDACTED]

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OK

Lebanon: Newly installed President Shihab faces an increasing threat of Christian-Moslem violence and in this atmosphere may find it difficult to select a premier and cabinet acceptable to both sides. Accounts purporting to give details of the murder of the kidnaped Phalange editor will probably increase pressure for retaliation against Moslem leaders. [REDACTED]

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Soviet aid to Nepal: A Soviet delegation apparently is scheduled to arrive in Nepal within a few weeks to negotiate specific aid projects under a long-standing offer of Soviet assistance. New Delhi is pressing Nepalese authorities to adopt delaying tactics, and Nehru is said to have warned the King against acceptance. [REDACTED]

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Greece-Cyprus: The Greek Government and Archbishop Makarios are publicly abandoning their efforts to join Cyprus to Greece in order to concentrate on opposing the new British plan. Greece apparently intends to propose to the United Nations General Assembly that Cyprus be made independent under UN guarantee, with both partition and union with Greece precluded. Prime Minister Karamanlis has again warned of serious repercussions in Greece if the British implement their plan. [REDACTED]
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DAILY BRIEF

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II. ASIA-AFRICA

Nasir Facing New Difficulties

Nasir has received the resignation of Egyptian Vice President for Economic Affairs Abd al-Latif Baghdadi, but has not as yet indicated that he will accept it. Baghdadi, a member of the original Revolutionary Command Council and one of the regime's most competent officials, has been accused of profiteering, following an official investigation presumably ordered by Nasir. Acceptance of the popular Baghdadi's resignation, combined with present rumors of a serious misunderstanding between Nasir and his chief adviser, Ali Sabri, would probably lower the regime's prestige and add to public discontent.

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Differences between Nasir and members of his revolutionary group have been common, but they have usually been settled with a minimum of publicity and little effect on the regime's stability. It is unlikely that the current difficulties will have a significantly different result; however, they add to the mounting number of problems Nasir is facing. Popular disapproval of many of the regime's internal policies, particularly its suppression of organized labor, has given Nasir much concern. His reported plan for centralizing the UAR government in Cairo is probably a move to head off serious trouble in Syria by exercising more rigid control. He also faces a possible setback in Iraq, where Egyptian efforts to rush the revolutionary government into union with the UAR are meeting strong resistance.

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Lebanese Situation

The sharp reaction of Lebanese Christians to accounts purporting to give details of the mutilation and murder of the kidnaped pro-Chamoun Phalange editor has made it much more difficult for newly installed President Shihab to form a cabinet which will be acceptable to both sides, and also has greatly increased the threat of Moslem-Christian violence. Several prospective contenders for the premiership are reported to have informed Shihab that they would not accept the post, presumably because of the increased possibility of internal violence. However, rebel leader Rashid Karame, who is said to be Shihab's choice, has made no move to withdraw his candidature. Karame's chances of becoming prime minister have diminished considerably, and Shihab may be forced to form a military cabinet or rule by decree.

[redacted] rebel leaders in Beirut after strong army pressure turned over to the authorities the editor's badly mutilated body, and Lebanese security forces arranged a quiet and speedy reburial. Leaders of the rebel forces in Beirut's Basta district were also pressured into delivering to the army two men alleged to have been the murderers. Rebel Basta leader Saeb Salam has disclaimed any connection with the murder and asserts that it was the work of UAR agents. The Phalange has decided to continue its general strike in Beirut and the Biqa Valley throughout 24 September, and the Maronite quarter of Beirut remains barricaded.

Some consternation in rebel quarters has resulted from rumors that Iraqi authorities have proof that certain leaders received money from the Iraqi monarchical regime in the past. Revelation of this bribery could do heavy damage to the rebel cause. Cairo radio, despite Chamoun's retirement from public office, has continued its attacks on the ex-president and has in effect invited his assassination.



Soviet Aid to Nepal

The Nepalese Government will be under increasing pressure during the next few weeks to decide on the extent and form of economic assistance it will accept from the USSR. A Soviet delegation is expected in Nepal shortly to negotiate specific aid projects under Moscow's repeated offers of assistance. The Indian Government continues to press Katmandu to adopt delaying tactics and to limit the scope of Soviet activity in Nepal.

The communiqué issued at the end of King Mahendra's state visit to the USSR in June reiterated Moscow's "agreement to help with economic aid," but final acceptance of the offer by Nepal was deferred pending study by "appropriate agencies." The Soviet delegation of technicians reportedly will propose as major projects a hydroelectric plant on the Karnali River in western Nepal and an east-west road. Moscow may also provide some monetary assistance, similar to the \$4,200,000 cash grant supplied by Peiping in 1956 which the Nepalese authorities have used for budgetary support. Peiping also gave \$8,400,000 in goods.

Prime Minister Nehru reportedly warned King Mahendra last June, when the King was en route to Moscow, against developing closer ties with the USSR, and particularly against accepting any aid involving the presence of Soviet technicians. The Indian Embassy in Katmandu has expressed interest to US officials in the possibility of additional joint Indo-American aid designed to preclude anticipated Soviet projects. King Mahendra told the American ambassador in June, however, that, while aware of the implications of Soviet aid, he must develop his country and would not reject aid offered on terms he considered satisfactory. Mahendra is said to be impressed by the way in which the Afghans have used both Soviet and American aid in separate sectors of their country.

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Cyprus and Greece

Archbishop Makarios has called for self-government and eventual independence for Cyprus in an apparent effort to delay--or if possible prevent--implementation of the new British plan for the island. The Greek Cypriot leader has suggested in a published interview that a peacemaking period of self-government under British rule should be followed by full independence, guaranteed by the United Nations. Makarios would abandon the demand for "enosis"--union with Greece--but would preclude the partition desired by Turkey.

The Greek Government is expected to follow Makarios' initiative with a drive to line up support among UN members for an independent Cyprus when the subject is discussed during the present session of the General Assembly. Greece can expect support in the UN from many Afro-Asian states and from the Soviet bloc, and consequently will probably concentrate its attention on Latin American and selected Western European nations. Greece's abstention in the recent UN General Assembly votes on the Indian resolution for Chinese Communist representation in the UN was probably based on hopes for strong Indian support in the forthcoming debate on Cyprus.

In Greece, Premier Karamanlis is increasingly pessimistic as the 1 October date for beginning implementation of the British plan approaches. He repeatedly has warned that the "humiliation" to which he has been subjected by his Western allies will force either his resignation or Greek withdrawal from NATO. Fear of causing political instability probably will prevent him from resigning. The emotional reaction in Greece to arrival of a Turkish representative on Cyprus, however, combined with widespread violence on the island and British attempts to suppress it, may force Karamanlis to make some diplomatic move such as recalling ambassadors from London and Ankara or withdrawing from participation in NATO activities.

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